

## Message Text

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DRAFTED BY: EB:JKATZ

APPROVED BY: EB:JKATZ

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

C O N F I D E N T I A L STATE 256347

FOR ENDERS

FOLLOWING REPEAT STATE 256347 SENT MOSCOW INFO TOKYO WARSAW  
BELGRADE BUCHAREST BUDAPEST PRAGUE SOFIA DATED NOV 20.

QUOTE

C O N F I D E N T I A L STATE 256347

E.O. 11652: GDS

TAGS: EFIN, EEWT, UT, JA, PL, YO, RO, HU, CZ, BU

SUBJECT: STATUS OF EXPORT-IMPORT BANK AND TRADE LEGISLATION

REFS: (A) MOSCOW 17118; (B) STATE 232214

1. REFTEL A (NOTEL) REQUESTED A STATUS REPORT ON EXIMBANK  
AND TRADE LEGISLATION.

2. SENATE FLOOR LEADERS DID NOT PRESS FOR FLOOR CONSIDERA-  
TION OF EXIMBANK CONFERENCE REPORT DESCRIBED REFTEL B PRIOR  
TO ELECTION RECESS BECAUSE SENATOR HARRY BYRD THREATENED TO  
FILIBUSTER AGAINST REPORT. BYRD AND OTHER SENATORS CRITICAL  
OF SOVIET CREDITS (E.G., PROXMIRE AND SCHWEIKER) OPPOSED  
CONFERENCE REPORT WHICH DROPPED SEVERAL PROVISIONS IN SENATE  
BILL DESIGNED ASSURE CONGRESSIONAL OVERSIGHT OF SOVIET  
CREDITS, AND ESPECIALLY ENERGY-RELATED CREDITS. "DEAR COL-  
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LEAGUE" LETTER CIRCULATED BY SENATORS SCHWEIKER AND BYRD,

WITH SIX OTHER SIGNATURES (AND ADDITIONALLY SUPPORTED BY HUMPHREY, JACKSON, MUSKIE, AND THURMOND), CHARGED INTER ALIA THAT "ALL INDICATIONS CONFIRM THAT U.S. COMMITMENT TO BOTH THE YAKUTSK AND NORTH STAR PROJECTS WILL BE FINALIZED PROMPTLY IF THE CONGRESS APPROVES THIS CONFERENCE REPORT. AT A TIME WHEN THE AMERICAN TAXPAYER FACES ENERGY HARDSHIPS AND NEW TAXES, CONGRESS SHOULD ACT DECISIVELY TO KILL ANY MULTI-BILLION DOLLAR SIBERIAN ENERGY DEAL."

3. SENATE-APPROVED VERSION OF EXIMBANK BILL HAD REQUIRED PRIOR CONGRESSIONAL APPROVAL BEFORE ANY CREDITS WERE EXTENDED FOR ENERGY-RELATED RESEARCH OR DEVELOPMENT IN THE SOVIET UNION AND OTHER COMMUNIST COUNTRIES AND IMPOSED A DOLS. 300 MILLION CEILING ON ALL NEW EXIMBANK CREDITS AND GUARANTEES TO THE SOVIET UNION. THE CONFERENCE REPORT DROPPED THE ENERGY PROVISION AND MODIFIED THE CEILING BY PERMITTING THE PRESIDENT TO INCREASE IT TO A HIGHER CEILING WITHOUT LEGISLATION.

4. BOTH HOUSES NOW EXPECTED TO ACT ON CONFERENCE REPORT SHORTLY (CONGRESS RECONVENED NOVEMBER 18). IT IS CLEAR THAT BYRD LETTER REFLECTS WIDESPREAD CONGRESSIONAL OPPOSITION TO U.S. GOVERNMENT FINANCING FOR SOVIET ENERGY DEVELOPMENT, AND WE ANTICIPATE CONCERTED EFFORT IN THE SENATE TO RECOMMIT REPORT TO CONFERENCE.

5. WE DO NOT ANTICIPATE ANY CHANGE IN THE PROVISION OF THE CONFERENCE REPORT FORBIDDING ANY LOANS OR GUARANTEES TO THE USSR UNTIL THE TRADE REFORM ACT IS ENACTED AND SIGNED BY THE PRESIDENT. CURRENT CONTINUING RESOLUTION EXTENDING EXPORT-IMPORT BANK ACT UNTIL NOVEMBER 30 CONTAINS PROVISION "THE BANK SHALL NOT AUTHORIZE ANY FINANCIAL ASSISTANCE TO THE USSR DURING THE LIFE OF THIS RESOLUTION".

6. ON STATUS OF TRADE BILL, EMBASSY MOSCOW SHOULD REFER TO STATE 226810, 219973 AND 220962 FOR DETAILS. WITH MAJOR PROBLEM OF A JACKSON/VANIK AMENDMENT TO TITLE 4 NOW RESOLVED THROUGH OCTOBER 18 EXCHANGE OF LETTERS BETWEEN SECRETARY AND SENATOR JACKSON (SEE STATE 231961), WE ARE HOPEFUL SENATE FOREIGN RELATIONS COMMITTEE WILL NOW REPORT BILL OUT CONFIDENTIAL

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OF COMMITTEE SHORTLY. WE UNDERSTAND THAT AMENDMENT SETTING FORTH PROCEDURES FOR WAIVER OF JACKSON/VANIK AMENDMENT WILL BE INTRODUCED BY SENATOR JACKSON ON SENATE FLOOR. OTHER REMAINING PROBLEM IN TITLE IV DIRECTLY AFFECTING USSR IS GURNEY-CHILES AMENDMENT DISCUSSED IN PARA 3 OF STATE 220962. THE PRESIDENT WOULD HAVE TO REPORT SPECIFICALLY ON THE NATURE OF SOVIET COOPERATION IN LOCATING AND REPATRIATING NIAS IN SOUTHEAST ASIA BEFORE MFN TREATMENT OR CREDITS

ARE GRANTED UNDER A U.S.-USSR COMMERCIAL AGREEMENT, AND  
SEMI-ANNUALLY THEREAFTER. WE ARE SEEKING TO HAVE THIS  
AMENDMENT DELETED OR MADE HORTATORY.

7. ONCE SENATE HAS ACTED FAVORABLY ON BILL, IT WILL THEN GO  
TO SENATE/HOUSE CONFERENCE FOR FINAL RECONCILIATION. IN  
VIEW OF HIGH PRIORITY ATTACHED TO BILL BY ADMINISTRATION  
AND CONGRESSIONAL LEADERSHIP, WE REMAIN CONFIDENT THAT BILL  
WILL BE PASSED IN THIS SESSION, ALTHOUGH A POSSIBILITY OF  
TOUGH FIGHTS ON SOME ISSUES CANNOT BE EXCLUDED. INGERSOLL  
UNQUOTE INGERSOLL

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